

from damage until the Director has given directions as to its preservation.

(f) All OCS regulations relating to drilling operations in part 250 of this title and all OCS Orders relating to the drilling of wells apply, as appropriate, to drilling activities authorized under this part.

(g) At the completion of the test activities, the borehole of all deep stratigraphic tests shall be permanently plugged and abandoned by the permittee prior to moving the rig off location in accordance with the requirements of the regulations in part 250 of this chapter and applicable orders. If the tract on which deep stratigraphic test drilling has been conducted is later leased for exploration and development, the lessee will not be held responsible for the test hole, provided the lessee has not reentered or otherwise disturbed the borehole.

[45 FR 6344, Jan. 25, 1980, as amended at 48 FR 54008, Nov. 30, 1983; 48 FR 55457, Dec. 13, 1983]

§ 251.6-3 Group participation in test drilling activities.

(a) In order to minimize duplicative geological exploration activities involving the penetration of the seabed of the OCS, a person proposing to drill a deep stratigraphic test shall afford all interested persons, through a signed agreement, an opportunity to participate in the drilling on a cost-sharing basis. The provisions of the agreement for sharing the cost of a deep stratigraphic test may include a penalty for late participants of not more than 100 percent of the cost to each original participant in addition to the original share cost. The participants shall assess and distribute penalties in accordance with the terms of the agreement. If the Director releases a public notice announcing a significant hydrocarbon occurrence, the penalty for subsequent late participants may be raised to not more than 300 percent of the cost of each original participant in addition to the original share cost.

(b) An applicant proposing to conduct shallow test drilling activities shall, when ordered by the Director or when provided in the permit, afford all interested persons an opportunity to participate in the test activity on a cost-

sharing basis with a penalty for late participation of not more than 50 percent of the cost to each original participant.

(c) To allow for group participation in shallow or deep test drilling activities, the applicant shall:

(1) Publish a summary statement describing the proposed activity in a manner approved or prescribed by the Director;

(2) Forward a copy of the published statement to the Director;

(3) Allow at least 30 days from the date of publishing the summary statement for other persons to join as original participants;

(4) Compute the estimated cost to an original participant by dividing the estimated total cost of the program by the number of original participants; and

(5) Furnish the Director with a complete list of all participants under the permit prior to commencing operations, or at the end of the advertising period if operations begin prior to its close. Also, the names of all late participants shall be forwarded to the Director.

(d) If the applicant proposes changes to the original application and the Director determines that such changes are significant, the Director shall require a republication of the changes and an additional 30 days for other persons to join as original participants.

[45 FR 6344, Jan. 25, 1980, as amended at 54 FR 50617, Dec. 8, 1989]

§ 251.6-4 Bonds.

(a) When you apply to the Minerals Management Service (MMS) for a permit authorizing the drilling of a deep stratigraphic test well, you must either:

(1) Furnish a bond of not less than \$200,000 that guarantees compliance with all the terms and conditions of the permit; or

(2) Maintain a \$1 million bond that guarantees compliance with all the terms and conditions of the permits you hold for the OCS area where you propose to drill.

(b) You must provide additional security to MMS if the Regional Director determines that it is necessary for the permit or area.

(c) The Regional Director may require you to provide a bond, in an amount the Regional Director prescribes, before authorizing you to drill a shallow test well.

(d) Your bond must be on a form approved by the Associate Director for Offshore Minerals Management.

[62 FR 27955, May 22, 1997]

EFFECTIVE DATE NOTE: At 62 FR 27955, May 22, 1997, § 251.6-4 was revised, effective Aug. 20, 1997. For the convenience of the user, the superseded text is set forth as follows:

§ 251.6-4 Bonds.

Before a permit authorizing the drilling of a deep stratigraphic test will be issued, the applicant shall furnish to the Minerals Management Service a corporate surety bond of not less than \$50,000 conditioned on compliance with the terms of the permit, unless the applicant maintains with or furnishes to the Minerals Management Service a bond in the sum of \$300,000 conditioned on compliance with the terms of the permit issued to him for the area of the OCS where the applicant proposes to conduct the drilling of a deep stratigraphic test. The Director may require the submission of a bond before authorizing the initiation of shallow test drilling. Any bond furnished or maintained by a person under this section shall be on a form approved or prescribed by the Director, Minerals Management Service.

§ 251.6-5 Duration of exploration activities.

If a deep stratigraphic test well is drilled within 50 geographic miles of any tract within the area identified for consideration for leasing as listed on the currently approved OCS Leasing Schedule, all drilling activities must be completed, and the information and data submitted to the Director at least 60 days prior to the first day of the month in which the lease sale is scheduled to be held. However, the Director may extend the expiration date of a permit if it is determined that such an extension is in the national interest.

[47 FR 15782, Apr. 13, 1982]

§ 251.7 Inspection and reporting of progress and results of activities conducted under permits.

§ 251.7-1 Inspection and observation of exploration activities.

(a) A permittee, upon request by the Director, shall furnish food, quarters, and transportation for Federal representatives. Upon request, the permittee will be reimbursed by the United States for the actual costs incurred as a result of providing food, quarters, and transportation for a Federal representative's stay of more than 10 hours. The Federal representative shall observe or inspect operations conducted pursuant to the permit and determine whether operations are having any adverse effects upon the environment, aquatic life, cultural resources, or other uses of the area.

(b) The Federal representatives shall be appointed or approved by the Director.

§ 251.7-2 Progress report on activities conducted under a permit.

Each permittee shall submit status reports on a monthly basis in a manner approved or prescribed by the Director. This shall include a daily log of operations.

[48 FR 37968, Aug. 22, 1983; 48 FR 40380, Sept. 7, 1983]

§ 251.7-3 Final report on activities conducted under a permit.

Each permittee shall submit to the Director a final report of exploration or scientific research activities under the permit within 30 days after the completion of operations. The final report shall contain the following:

(a) A description of the work performed.

(b) Charts, maps, or plats depicting the areas and blocks in which any exploration or scientific research activities were conducted, specifically identifying the lines of geophysical traverses or the locations where geological exploration or scientific research activities were conducted, including a